



# Iowa Department of Human Services

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## INFORMATIONAL LETTER NO. 1929-MC-FFS

**DATE:** August 8, 2018

**TO:** All Iowa Medicaid Providers

**APPLIES TO:** Fee-for-Service (FFS) and Managed Care (MC)

**FROM:** Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

**RE:** Proper Use of the “SC” Modifier

**EFFECTIVE:** September 1, 2018

**\*\*\*\* This letter replaces Informational Letters 884, 893, 990, 1044, 1613-MC and 1829-MC \*\*\*\***

This letter replaces previous guidance issued regarding the use of the “SC” modifier. The changes will be effective for dates of service on or after September 1, 2018.

The IME has completed a review and update of the active procedure codes to ensure it accurately reflects whether a procedure code is also covered by Medicare. This coordination is necessary to ensure accurate payment for Medicaid members who also have Medicare (primary) coverage. The Medicaid program is always payer of last resort.

The “SC” modifier is defined in the Healthcare Common Procedure Coding System (HCPCS) as a “medically necessary service or supply.” To be consistent with industry standards and major commercial payers, the Iowa Medicaid Managed Care Organizations (MCOs), and the Iowa Medicaid FFS program will follow the standardized use of the “SC” modifier.

In cases where Medicare coverage for a particular service may be more limited than Medicaid coverage, providers should append the “SC” modifier to the procedure code when submitting a CMS-1500 or UB-04 claim to the IME for Medicaid members who have Medicare primary. Use of the “SC” modifier in this regard indicates that Medicare coverage allowance for a given service is less than that covered by Iowa Medicaid for that service. The “SC” modifier should only be used for Iowa Medicaid billing purposes in these circumstances.

Examples:

- Medicare does allow separate billing of certain preventive services (such as breast/pelvic exam or collection of a Pap smear) that Iowa Medicaid considers to be a component of an evaluation and management service. If Medicare denies these services, it would be appropriate to bill Medicaid for an evaluation and management service and append the “SC” modifier.

- A service where Medicare allows two units and Iowa Medicaid allows three units. In this type of situation, the provider would append the “SC” modifier to facilitate IME payment of the third unit.

#### **IMPORTANT ADDITIONAL PROVISIONS:**

- The “SC” modifier is used inappropriately when used to facilitate payment to a provider who has chosen to not enroll with Medicare.
- The “SC” modifier should no longer be used to indicate that Medicare does not cover a specific service which Iowa Medicaid does cover, as the claims systems will be configured to identify these services for dates of service on or after September 1, 2018. Providers are encouraged to utilize the [Centers for Medicare and Medicaid Services \(CMS\) website](#)<sup>1</sup> as a resource to identify Medicare non-covered procedure codes.
- The “SC” modifier should no longer be used to indicate that Medicare does not recognize or reimburse a particular provider type.

If you have any questions, please contact the IME Provider Services Unit at 1-800-338-7909, or by email at [imeproviderservices@dhs.state.ia.us](mailto:imeproviderservices@dhs.state.ia.us).

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<sup>1</sup> <https://www.cms.gov/Medicare/Medicare.html>